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r. Secretary

[redacted] - r. Mann

[redacted] 21, 1953

1. The following three paragraphs summarize my views concerning the principal problem in our relations with Latin America:

In the last two decades there has been a trend in Latin America away from dictatorship and toward popular government. Concurrently there has been an increasing popular demand for an immediate improvement in the low living standards of the masses with the result that governments are under intense domestic political pressures to increase productivity and diversify and expand their economies.

To meet these pressures Latin America must have dollars. They can acquire dollars only by selling their products to us; by private United States investments; and by government assistance through grants and loans. A realistic and constructive approach to this problem is of paramount importance to our ability to maintain hemisphere solidarity in support of United States policy. The inevitable alternative is continued Latin American drift toward economic nationalism of the Mossadegh type facilitated by historic anti-[illegible] prejudices and exploited by Communists. The political, economic and military consequences of such a drift are [illegible].

Related to this paramount issue are various problems such as the current design of creating an anti-United States bloc in South America and Communist infiltration in the government of Guatemala.

2. On page 4 of the draft which we were considering this morning I suggest the addition of the following as a separate paragraph:

The United States should continue a limited economic assistance program to Latin America including such projects as the Inter-American Highway and the Lima Road.

3. In the same page of the same draft I suggest the addition of the following separate paragraph:

The United States should encourage increased trade with Latin America, resisting anti-American hostility [illegible] by Latin American governments and resulting

domestic

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domestic pressures for action which would make it more difficult for Latin American countries to sell their products to us.

2. On page 7 of the draft the following words should be deleted from paragraph 14:

> Nor should it provide assistance for any Latin American nation where there is good reason to believe that it would be used for aggression against neighboring countries or to deprive its own people of their rights and liberties.

3. Delete paragraph 17 on page 8 and all of page 9. Our mutual aid program to Latin America is already at the minimum level consistent with our political requirements.

4. The draft is subject to the objection that it is in the "charter language" and various parts of it are subject to varying interpretations. This is particularly true of the paragraphs concerning our military programs and objectives. We have no particular objection to this general language provided it is understood that the timing and method of negotiations with foreign governments concerning base rights and other matters are subject to State Department concurrence.

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JA:Cleaning